

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Township of Sand Beach</b>	County <b>Huron</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>4/21/05</b>	Date Accountant Report Submitted to State: <b>7/14/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Nietzke &amp; Faupel, P.C.</b>			
Street Address <b>7274 Hartley Street</b>	City <b>Pigeon</b>	State <b>MI</b>	ZIP <b>48755</b>
Accountant Signature <i>Brian Hazel, CPA</i>			Date <b>7/14/05</b>

**TOWNSHIP OF SAND BEACH  
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT  
MARCH 31, 2005**

# **TOWNSHIP OF SAND BEACH**

## **TABLE OF CONTENTS**

	<u><b>PAGE</b></u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	i - ii
<b>MANGEMENT'S DISCUSSION AND ANALYSIS</b>	iii – vi
<b>BASIC FINANCIAL STATEMENTS</b>	1
Government-Wide Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Balance Sheet – Governmental Funds	4
Reconciliation of Governmental Fund Balances to Governmental Activities Net Assets	5
Statement of Revenue, Expenditures and Change in Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Assets – Proprietary Fund	8
Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Fund	9
Statement of Cash Flows – Proprietary Fund	10
Notes to the Financial Statements	11 - 19
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	20
Schedule of Revenue, Expenditures and Change in Fund Balance – Budget and Actual – General Fund	21 - 22
<b>SUPPLEMENTAL INFORMATION</b>	23
Nonmajor Governmental Funds: Combining Balance Sheet	24

**TOWNSHIP OF SAND BEACH**  
**TABLE OF CONTENTS (CONTINUED)**

Combining Statement of Revenue, Expenditures and Change In Fund Balance	25
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – Cemetery Fund	26
Schedule of Revenue, Expenditures and Changes in Fund Balances – Perpetual Care Fund	27
Statement of Changes in Assets and Liabilities – Tax Collection Agency Fund	28
Schedule of Additions and Deductions – Tax Collection Agency Fund	29



ALLAN W. NIETZKE, CPA  
DONALD C. FAUPEL, CPA  
JEFFREY P. BUSHEY, CPA  
BRIAN V. HAZARD, CPA

Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

CPA's On Your Team

## INDEPENDENT AUDITOR'S REPORT

Honorable Township Board Members  
Township of Sand Beach  
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Sand Beach, Huron County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township of Sand Beach's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Sand Beach's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Sand Beach, Huron County, Michigan, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages iii through vi and 21 through 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

- i -

## **Independent Auditor's Report (Continued)**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Sand Beach's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Nietzke + Faupel, PC*  
NIETZKE & FAUPEL, P.C.  
PIGEON, MICHIGAN

April 21, 2005

Management's Discussion and Analysis

Our discussion and analysis of Sand Beach Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

**Financial Highlights**

The following points represent the most significant financial highlights for the year ended March 31, 2005. These points are discussed in further detail in this discussion and analysis.

- The fund balance in the general fund decreased from \$593,540 to \$371,261 during the past year. This decrease of \$222,279 is due primarily from two areas: an aggressive road construction year in which we spent \$54,896 more than budgeted (a planned over-expenditure where we planned on drawing from fund balance), and the Township Board's decision to forgive two loans totaling \$86,000 to the Water District to help with an anticipated shortfall in revenues to cover existing bond debt.
- State Revenue Sharing payments for the year totaled \$103,734. This was \$1,266 lower than the budgeted amount of \$105,000. For comparison, the State Revenue Sharing payments for fiscal year 2003-04 totaled \$110,015.

**Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

Management's Discussion and Analysis

**The Township as a Whole**

The following table shows a condensed view of the net assets as of March 31, 2005:

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 493,666	\$ 828,060	\$ 1,321,726
Noncurrent assets	<u>60,069</u>	<u>3,555,685</u>	<u>3,615,754</u>
Total assets	<u>\$ 553,735</u>	<u>\$ 4,383,745</u>	<u>\$ 4,937,480</u>
Current liabilities	\$ 7,036	\$ 513	\$ 7,549
Noncurrent liabilities	<u></u>	<u>3,175,519</u>	<u>3,175,519</u>
Total liabilities	<u>\$ 7,036</u>	<u>\$ 3,176,032</u>	<u>\$ 3,183,068</u>
Net assets:			
Invested in capital assets-			
Net of related debt	\$ 60,069	\$ 303,208	\$ 363,277
Restricted	83,088	738,473	821,561
Unrestricted	<u>403,542</u>	<u>166,032</u>	<u>569,574</u>
Total net assets	<u>\$ 546,699</u>	<u>\$ 1,207,713</u>	<u>\$ 1,754,412</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$403,542. This is approximately 74% of the total net assets for governmental activities.



## Sand Beach Township

### Management's Discussion and Analysis

The following table shows the changes of the net assets during the year ended March 31, 2005.

	Governmental Activities	Business- Type Activities	Total
Net assets-beginning of year	\$ 772,545	\$ 984,723	\$ 1,757,268
Revenue			
Charges for services	30,805	71,992	102,797
Property taxes	232,105		232,105
State shared revenues	104,559		104,559
Unrestricted investment earnings	8,652	(878)	7,774
Miscellaneous	24,436	185,571	210,007
Transfers-net	(201,328)	201,328	-
Total revenues and transfers	199,229	458,013	657,242
Expenses			
General government	71,494		71,494
Public safety	53,708		53,708
Highways & public improvements	267,711		267,711
Cemetery	18,633		18,633
Sanitation	13,529		13,529
Water		235,022	235,022
Total expenses	425,075	235,022	660,097
Change in net assets	(225,846)	222,990	(2,856)
Net assets - ending	\$ 546,699	\$ 1,207,713	\$ 1,754,412

Management's Discussion and Analysis

**Government Activities**

This is the first year of implementation for GASB No. 34. Because of this, comparative information on a government-wide basis is not available for this year, but it will be presented in the Management's Discussion and Analysis for the year ending March 31, 2006.

**Business-type Activities**

The Township's business-type activities consist of a Water Fund. The Township supplies water to residents in a district along the M 25 corridor east to the Lake Huron shoreline. The water fund had a net income of \$21,662 from operating activities before other financing sources.

**Capital asset and Debt Administration**

As of March 31, 2005, Sand Beach Township had a total of approximately \$2,538,277 (net of depreciation) invested in capital assets including land, tile, buildings, equipment, water tower, and water distribution lines.

Debt service totaled \$218,238 (\$100,000 principal and \$118,238 interest) in the past year on bonded debt with a remaining outstanding balance of \$2,175,000.

**Economic Factors and Next Year's Budgets and Rates**

The Township completed the re-paving project of four miles of Schock Road during the past year. With no major road construction projects scheduled for the upcoming year, we plan on replenishing our fund balances for upcoming road construction projects.

Anticipated shortfalls in revenues to cover bonded debt for the Township water distribution system are being addressed for the upcoming year. Refunding the current bonds and spreading a second supplemental special assessment are planned to eliminate this shortfall.

Sand Beach Township had one Industrial Facilities Tax Exemption that expired during the past year. The financial impact on the Township is insignificant with \$258,380 additional taxable value coming onto the ad valorem tax roll out of a total taxable value for the Township of \$55,838,294 (less than ½ of 1% of the total) for the year ending March 31, 2006.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to Wade Mazure, Township supervisor, 6573 Learman Road, Harbor Beach, MI 48441 or to Warren Geiger, Township clerk, 8665 Lincoln Road, Harbor Beach, MI 48441.

## **BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF SAND BEACH**

**STATEMENT OF NET ASSETS  
MARCH 31, 2005**

	<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>	
<b><u>ASSETS</u></b>	<b><u>ACTIVITIES</u></b>	<b><u>ACTIVITIES</u></b>	<b><u>TOTALS</u></b>
Cash and investments	\$ 483,929	\$ 55,223	\$ 539,152
Cash and investments - restricted		738,473	738,473
Receivables:			
Taxes	9,890		9,890
Accounts		15,631	15,631
Assessments		1,019,099	1,019,099
Internal balances	(153)	153	-
Capital assets:			
Land and building	92,369		92,369
Water lines and tower		2,695,275	2,695,275
Equipment	13,521	13,082	26,603
Cemetery improvements	3,600		3,600
Less: Accumulated depreciation	(49,421)	(230,149)	(279,570)
Deferred charges (net of accumulated amortization)		76,958	76,958
<b>TOTAL ASSETS</b>	<b>\$ 553,735</b>	<b>\$ 4,383,745</b>	<b>\$ 4,937,480</b>
<b><u>LIABILITIES</u></b>			
Accounts and payroll withholdings payable	\$ 7,036	\$ 513	\$ 7,549
Deferred revenue		1,000,519	1,000,519
Bonds payable		2,175,000	2,175,000
<b>TOTAL LIABILITIES</b>	<b>7,036</b>	<b>3,176,032</b>	<b>3,183,068</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	60,069	303,208	363,277
Restricted for:			
Perpetual care	81,093		81,093
Fire protection	1,995		1,995
Debt service		738,473	738,473
Unrestricted	403,542	166,032	569,574
<b>TOTAL NET ASSETS</b>	<b>\$ 546,699</b>	<b>\$ 1,207,713</b>	<b>\$ 1,754,412</b>

TOWNSHIP OF SAND BEACH

STATEMENT OF ACTIVITIES  
MARCH 31, 2005

PROGRAM REVENUES				NET (EXPENSE) REVENUES & CHANGES IN NET ASSETS			
	CHARGES FOR		OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
	EXPENSES	SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
<u>Governmental Activities</u>							
General government	\$ 71,494				\$ (71,494)		\$ (71,494)
Public safety	53,708				(53,708)		(53,708)
Highways and public improvements	267,711				(267,711)		(267,711)
Cemetery	18,633	\$ 14,615			(4,018)		(4,018)
Sanitation	13,529	16,190			2,661		2,661
Total governmental activities	425,076	30,805	-	-	(394,270)		(394,270)
<u>Business-Type Activities</u>							
Water	235,022	71,992				\$ (163,030)	(163,030)
Total Government	\$ 660,098	\$ 102,797	\$ -	\$ -	(394,270)	(163,030)	(557,300)
<u>General Revenue:</u>							
Property taxes					232,105		232,105
State shared revenues					104,559		104,559
Unrestricted investment earnings					8,652	(878)	7,774
Miscellaneous					24,436	185,571	210,006
Transfers - net					(201,328)	201,328	-
Total general revenues and transfers					168,424	386,020	554,444
Change in net assets					(225,846)	222,990	(2,856)
Net assets - beginning					772,545	984,723	1,757,268
Net assets - ending					\$ 546,699	\$ 1,207,713	\$ 1,754,412

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF SAND BEACH**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
MARCH 31, 2005**

		OTHER NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
<u>ASSETS</u>	<u>GENERAL</u>	<u>FUNDS</u>	<u>FUNDS</u>
Cash and investments	\$ 366,534	\$ 117,395	\$ 483,929
Receivables:			
Taxes	9,890		9,890
Due from other fund		512	512
<b>TOTAL ASSETS</b>	<u>\$ 376,424</u>	<u>\$ 117,907</u>	<u>\$ 494,331</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES:</b>			
Accounts and payroll withholdings payable	\$ 4,498	\$ 2,538	\$ 7,036
Due to other funds	665		665
<b>TOTAL LIABILITIES</b>	<u>5,163</u>	<u>2,538</u>	<u>7,701</u>
<b>FUND BALANCES:</b>			
Reserved for fire protection	1,995		1,995
Reserved for perpetual care		81,368	81,368
Unreserved	369,266	34,001	403,267
<b>TOTAL FUND BALANCES</b>	<u>371,261</u>	<u>115,369</u>	<u>486,630</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 376,424</u>	<u>\$ 117,907</u>	<u>\$ 494,331</u>

**TOWNSHIP OF SAND BEACH**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES  
TO GOVERNMENTAL ACTIVITIES NET ASSETS  
MARCH 31, 2005**

<b>Total governmental fund balances</b>	<b>\$ 486,630</b>
---	-------------------

Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$109,490 less the accumulated depreciation of \$49,421.	60,069
---	--------

<b>Net assets - governmental activities</b>	<b><u>\$ 546,699</u></b>
---	--------------------------

**TOWNSHIP OF SAND BEACH**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005**

	<u>GENERAL</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUE:</b>			
Taxes	\$ 232,105		\$ 232,105
Licenses and permits	1,190		1,190
Intergovernmental revenues	104,559		104,559
Charges for services	16,190	\$ 14,615	30,805
Investment income	5,709	2,943	8,652
Other	23,206	40	23,246
<b>TOTAL REVENUE</b>	<u>382,959</u>	<u>17,598</u>	<u>400,557</u>
<b>EXPENDITURES:</b>			
General government	68,962		68,962
Public safety	53,708		53,708
Public works	267,711		267,711
Sanitation	13,529		13,529
Cemetery		18,633	18,633
<b>TOTAL EXPENDITURES</b>	<u>403,910</u>	<u>18,633</u>	<u>422,543</u>
<b>EXCESS OF REVENUE (UNDER) EXPENDITURES</b>	<u>(20,952)</u>	<u>(1,035)</u>	<u>(21,986)</u>
<b>OTHER FINANCING (USES):</b>			
Operating transfers (out)	(201,328)	-	(201,328)
<b>EXCESS OF REVENUE (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(222,279)</u>	<u>(1,035)</u>	<u>(223,314)</u>
<b>FUND BALANCE - APRIL 1</b>	593,540	116,404	709,944
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 371,261</u>	<u>\$ 115,369</u>	<u>\$ 486,630</u>



**TOWNSHIP OF SAND BEACH**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
MARCH 31, 2005**

**Net change in fund balance - governmental funds** **\$ (223,314)**

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
*Statement of Activities*, assets with an initial, individual cost of more than  
\$1,000 are capitalized and the cost is allocated over their estimated useful  
lives and reported as depreciation expense. This is the amount by which  
depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 1,704	
Depreciation expense	<u>(4,236)</u>	(2,532)

**Change in net assets of governmental activities** **\$ (225,846)**

**TOWNSHIP OF SAND BEACH**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
**MARCH 31, 2005**

<b><u>ASSETS</u></b>	<b><u>WATER FUND</u></b>
<b>CURRENT ASSETS:</b>	
Cash	\$ 55,223
Accounts receivable	15,631
Due from general fund	153
Assessments receivable	18,580
<b>TOTAL CURRENT ASSETS</b>	<b>89,587</b>
<b>RESTRICTED ASSETS:</b>	
Cash	244,136
Investments	494,337
<b>TOTAL RESTRICTED ASSETS</b>	<b>738,473</b>
<b>CAPITAL ASSETS:</b>	
Water lines and tower	2,695,275
Equipment	13,082
	2,708,357
Less: Accumulated depreciation	(230,149)
<b>CAPITAL ASSETS - NET</b>	<b>2,478,208</b>
<b>OTHER ASSETS:</b>	
Assessments receivable	1,000,519
Deferred charges (net of accumulated amortization)	76,958
<b>TOTAL OTHER ASSETS</b>	<b>1,077,477</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,383,745</b>
<b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES:</b>	
Payroll taxes payable	\$ 513
<b>TOTAL CURRENT LIABILITIES</b>	<b>513</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>	
Bonds payable - County	125,000
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<b>125,000</b>
<b>NONCURRENT LIABILITIES:</b>	
Bonds payable - County	2,050,000
Deferred revenue	1,000,519
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>3,050,519</b>
<b>TOTAL LIABILITIES</b>	<b>3,176,032</b>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	303,208
Restricted for:	
Debt service	738,473
Unrestricted	166,032
<b>TOTAL NET ASSETS</b>	<b>\$ 1,207,713</b>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF SAND BEACH**

**STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED MARCH 31, 2005**

	<b><u>WATER FUND</u></b>
<b>OPERATING REVENUE:</b>	
Charges for services	\$ 71,992
<b>TOTAL OPERATING REVENUE</b>	<u>71,992</u>
<b>OPERATING EXPENSES:</b>	
Bookkeeping	1,408
Mileage	413
Miscellaneous	3,079
Postage	429
Supplies	1,203
Taxes - Payroll	775
Utilities	878
Wages	9,803
Water purchased	27,717
Water testing	648
Depreciation	55,980
Professional fees	810
Insurance	2,988
<b>TOTAL OPERATING EXPENSES</b>	<u>106,133</u>
<b>OPERATING (LOSS)</b>	<u>(34,141)</u>
<b>NONOPERATING REVENUE (EXPENSES):</b>	
Investment income (loss)	(878)
Rental income	5,000
Special assessments	179,856
Special assessment expense	(5,247)
Late fees	452
Miscellaneous revenue	263
Interest expense	(118,238)
Fees	(273)
Amortization of bond issue costs	(5,131)
<b>TOTAL NONOPERATING REVENUE</b>	<u>55,803</u>
<b>INCOME BEFORE OTHER FINANCING SOURCES</b>	<u>21,662</u>
<b>OTHER FINANCING SOURCES:</b>	
Operating transfers in	201,328
<b>CHANGE IN NET ASSETS</b>	<u>222,990</u>
<b>NET ASSETS - APRIL 1</b>	984,723
<b>NET ASSETS - MARCH 31</b>	<u>\$ 1,207,713</u>

**TOWNSHIP OF SAND BEACH**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<b><u>WATER FUND</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 69,270
Cash payments for goods and services	(33,114)
Cash payments to employees	(9,803)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>26,353</u></b>
<b>NON-CAPITAL FINANCING ACTIVITIES:</b>	
Operating transfer	<u>115,326</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal paid on bonds	(100,000)
Interest and fees paid on bonds	(118,511)
Collection of special assessments	179,801
<b>NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>(38,710)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income	4,786
Purchase of investment	(500,000)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b><u>(495,214)</u></b>
<b>NET DECREASE IN CASH</b>	<b><u>(392,245)</u></b>
<b>CASH - APRIL 1</b>	<b>691,604</b>
<b>CASH - MARCH 31</b>	<b><u>\$ 299,359</u></b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating (loss)	\$ (34,141)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	55,980
Change in assets and liabilities:	
(Increase) in accounts receivable	(1,277)
(Increase) in due from general fund	(153)
Increase in payroll taxes payable	229
Miscellaneous income and fees	715
Rental income	5,000
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 26,353</u></b>

The accompanying notes are an integral  
part of the financial statements.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Description of Township Operations:**

The Township is located in Huron County, Michigan, and has approximately 1,470 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, sanitation facility, general administrative services and water services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used in the Township are discussed below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Township has elected to implement the general provisions of the Statement in the current year.

**Reporting Entity:**

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Government Wide and Fund Financial Statements:**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Township's general administrative services, public safety, highways and public improvements, sanitation and cemetery, are classified as governmental activities. The Township's water activities are classified as business-type activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**  
**(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental fund:

**General Fund** – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

**Water Fund** – The Water Fund accounts for the activities of the Township's water distribution system.

Additionally, the Township reports the following nonmajor fund types:

**Special Revenue Funds** – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Cemetery in a special revenue fund.

**Permanent Fund** – The Permanent Fund is legally restricted to expenditures for the perpetual care of the cemetery.

(Continued)

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**  
**(Continued)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Utility enterprise fund are charges to customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**Receivables and Payables:**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2005 consist of property taxes, state road taxes, and billings for user charged services, including utility services. Taxes and utility charges are deemed collectible in full.

**Property Taxes:**

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

(Continued)



**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Capital Assets: (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 to 50
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the governmental fund Statement of Net Assets. Depreciation expense for the year ended March 31, 2005 was \$4,236. Capital asset acquisitions in the governmental funds totaled \$1,704 for the year ended March 31, 2005. A summary of Governmental Fund capital assets at March 31, 2005, follows:

Land	\$13,120
Land improvements	3,600
Buildings	79,249
Equipment	13,521
Less accumulated depreciation	<u>(49,421)</u>
<b>NET GOVERNMENTAL FUND CAPITAL ASSETS</b>	<b><u>\$60,069</u></b>

Depreciation of capital assets used by business-type funds is charged as an expense against their operations. Accumulated depreciation is reported on business-type fund balance sheets. Depreciation expense for the year ended March 31, 2005 was \$55,980. There were no capital asset acquisitions in the business-type funds or asset dispositions for the year ended March 31, 2005. A summary of Business-Type Fund capital assets at March 31, 2005, follows:

Water system and tower	\$2,695,275
Equipment	13,082
Less accumulated depreciation	<u>(230,149)</u>
<b>NET BUSINESS-TYPE FUND CAPITAL ASSETS</b>	<b><u>\$2,478,208</u></b>

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Capital Assets: (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,866
Cemetery	<u>1,370</u>
Total depreciation expense – governmental activities	\$ <u>4,236</u>
Business-type activities:	
Water	<u>\$55,980</u>
Total depreciation expense – business-type activities	<u>\$55,980</u>

**Long-Term Obligations:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amounts of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Use of Estimates:**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 – BUDGET COMPLIANCE:**

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 2 – BUDGET COMPLIANCE: (CONTINUED)**

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Administration supplies & materials	\$ 3,125	\$ 3,213	\$ (88)
Road maintenance & construction	198,620	253,516	(54,896)

**NOTE 3 – DETAIL NOTES ON ALL FUNDS:**

A. As of March 31, 2005, the Township has a carrying amount of \$308,966 of deposits (cash and deposits) in local banks and the bank balance was \$307,506. Of the bank balance, \$130,203 was covered by the Federal Deposit Insurance Corporation and \$177,303 remained uninsured and uncollateralized.

Investments are stated at fair value. Any differences between the market value and cost of investments are reflected in investment income. At year end, the Township's investment balances, reported at fair value, were \$968,659, made up of \$14,680 in money market funds, \$559,609 in government agency bonds, and \$394,370 in government security mutual funds.

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority.

B. Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2004 tax levy is as follows:

	<u>ASSESSED VALUE</u>	<u>TAXABLE VALUE</u>
Real property-Regular roll	\$73,305,300	\$51,495,631
Personal property-Regular roll	1,901,500	1,901,500
<b>TOTAL</b>	<b><u>\$75,206,800</u></b>	<b><u>\$53,397,131</u></b>

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS: (CONTINUED)**

For the year ended March 31, 2005, the Township levied 1.09 mills for general governmental services, 1.90 mills for roads, and .91 mills for fire. Total millage levied was 3.90.

**C. Risk Management:**

Sand Beach Township participates in the Michigan Township Participating Plan, which is a public entity risk pool, for the coverage of significant losses due to its general liability. The participation in the pool constitutes transfer of the risk for significant losses to the pool for real and personal property losses and for liability losses. Sand Beach Township is required to pay annual premiums to the Michigan Township Participating Plan for the liability coverage. No supplemental premium assessment is required by the Michigan Township Participating Plan. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 4 – LONG-TERM DEBT:**

The general obligation bond payable to Huron County D.P.W. provides for semi-annual payments sufficient in amount to pay the County D.P.W. bonds. The following is a summary of the County D.P.W. bond transactions for the year ended March 31, 2005:

Balance April 1, 2004	\$2,275,000
Reductions	(100,000)
Balance March 31, 2005	<u>\$2,175,000</u>

The following is a summary of annual principal and interest payments for the Township's bonds payable at March 31:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>RATE</u>
2006	\$ 125,000	\$113,538	\$ 238,538	4.75%
2007	125,000	107,600	232,600	4.80%
2008	125,000	101,600	226,600	4.85%
2009	125,000	95,538	220,538	4.95%
2010	150,000	89,350	239,350	5.05%
2011	150,000	81,775	231,775	5.10%
2012	150,000	74,125	224,125	5.20%
2013	150,000	66,325	216,325	5.25%
2014	150,000	58,450	208,450	5.30%
2015	150,000	50,500	200,500	5.35%
2016	150,000	42,475	192,475	5.40%
2017	150,000	34,375	184,375	5.50%
2018	150,000	26,125	176,125	5.50%
2019	150,000	17,875	167,875	5.50%
2020	175,000	9,625	184,625	5.50%
	<u>\$2,175,000</u>	<u>\$969,276</u>	<u>\$3,144,276</u>	

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 5 – JOINT VENTURE:**

**Fire Protection** – Pursuant to an inter-local agreement dated September 10, 1984 between the Township and the City of Harbor Beach, fire protection services are provided by the Harbor Beach Community Fire Protection Association. At inception, the Township contributed \$200,400 for its equity interest in the equipment of the Association. The Township makes annual operating contributions to the Association based on a formula involving SEV, population, dwelling units, number of fire runs and miles of roads which is included in the agreement and amounted to \$48,373 for the year ended March 31, 2005. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. As of March 31, 2005, the equity interest recorded by the Township consists of the original contribution in the amount of \$200,400. Separate financial statements through 2003 for the joint venture are available from the Harbor Beach Community Fire Protection Association. As of December 31, 2003, general fund equity was \$175,712 and general fixed assets amounted to \$707,839.

**Ambulance Service** – Pursuant to an interlocal agreement dated October 2, 1978 between the Township and the City of Harbor Beach, the Villages of Port Hope and Forestville, and Townships of Bloomfield, Gore, Huron, Rubicon, Sherman, the north half of Delaware and the east half of Sigel, ambulance service is provided by the Eastern Huron Ambulance Service Association. The Township makes annual operating contributions to the Association based on population of the Township which amounted to \$4,410 for the year ended March 31, 2005. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. However, upon withdrawal by a constituent unit, the equity interest can be received only in the form of ambulance runs. Separate financial statements for the joint venture are available from the Eastern Huron Ambulance Service Association. As of December 31, 2003, fund equity amounted to \$377,056.

**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF SAND BEACH**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
<b>TAXES:</b>				
Taxes	\$ 207,500	\$ 207,500	\$ 210,868	\$ 3,368
Administration fees	17,700	19,983	21,237	1,254
<b>TOTAL TAXES</b>	<u>225,200</u>	<u>227,483</u>	<u>232,105</u>	<u>4,622</u>
<b>LICENSES AND PERMITS</b>	<u>900</u>	<u>900</u>	<u>1,190</u>	<u>290</u>
<b>INTERGOVERNMENTAL:</b>				
State revenue sharing	105,000	105,000	103,734	(1,266)
Liquor fees	400	400	825	425
<b>TOTAL INTERGOVERNMENTAL</b>	<u>105,400</u>	<u>105,400</u>	<u>104,559</u>	<u>(841)</u>
<b>CHARGES FOR SERVICES</b>	<u>15,500</u>	<u>15,500</u>	<u>16,190</u>	<u>690</u>
<b>INTEREST</b>	<u>4,000</u>	<u>4,000</u>	<u>5,709</u>	<u>1,709</u>
<b>OTHER REVENUE</b>	<u>4,100</u>	<u>4,100</u>	<u>23,206</u>	<u>19,106</u>
<b>TOTAL REVENUES</b>	<u>355,100</u>	<u>357,383</u>	<u>382,959</u>	<u>25,576</u>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
Supervisor and assessor salary	17,460	17,460	17,460	-
Treasurer salary	9,050	9,050	9,050	-
Clerk salary	9,050	9,050	9,050	-
Trustees salaries	2,500	2,500	2,500	-
Administration:				
Supplies and materials	2,500	3,125	3,213	(88)
Travel	2,000	2,000	1,811	189
Special permit expense	400	500	500	-
Legal and audit	3,000	1,000	975	25
Printing and publishing	200	200	89	111
Hall repairs	2,000	1,500	555	945
Insurance	4,100	4,341	3,615	726
Dues	1,100	1,100	998	102
Utilities	1,400	1,400	1,315	85
Taxes - F.I.C.A.	3,600	3,600	3,588	12
Board of review	1,500	1,500	947	553
Summer tax collection	2,800	2,800	2,795	5

**TOWNSHIP OF SAND BEACH**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
Miscellaneous	3,550	1,050	239	811
Contract services	2,000	2,001	2,001	-
Bookkeeping	1,400	1,109	1,103	6
Election	3,000	3,000	2,647	353
Education	2,100	2,100	1,164	936
Liquor	400	825	825	-
Capital outlay	500	2,524	2,524	-
<b>TOTAL GENERAL GOVERNMENT</b>	<u>75,610</u>	<u>73,735</u>	<u>68,962</u>	<u>4,773</u>
<b>PUBLIC SAFETY:</b>				
Fire protection	48,500	48,500	48,373	127
Ambulance	1,470	4,410	4,410	-
Zoning salaries	1,000	1,000	925	75
<b>TOTAL PUBLIC SAFETY</b>	<u>50,970</u>	<u>53,910</u>	<u>53,708</u>	<u>202</u>
<b>PUBLIC WORKS:</b>				
Drains at large	1,000	560	431	129
Road maintenance and construction	198,620	198,620	253,516	(54,896)
Ditches	1,000	375	-	375
Brine	6,000	6,000	5,781	219
Road right of way	700	2,983	2,983	-
Hydrant rental	5,000	5,000	5,000	-
<b>TOTAL PUBLIC WORKS</b>	<u>212,320</u>	<u>213,538</u>	<u>267,711</u>	<u>(54,172)</u>
<b>SANITATION:</b>				
Sanitation salaries	3,200	3,200	3,124	75
Sanitation supplies and materials	13,000	13,000	10,405	2,595
<b>TOTAL SANITATION</b>	<u>16,200</u>	<u>16,200</u>	<u>13,529</u>	<u>2,670</u>
<b>TOTAL EXPENDITURES</b>	<u>355,100</u>	<u>357,383</u>	<u>403,910</u>	<u>(46,527)</u>
<b>EXCESS OF REVENUE (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(20,952)</u>	<u>(20,952)</u>
<b>OTHER FINANCING (USES):</b>				
Operating transfers out	-	-	(201,328)	(201,328)
<b>EXCESS OF REVENUE (UNDER) EXPENDITURES AND OTHER USES</b>	<u>-</u>	<u>-</u>	<u>(222,279)</u>	<u>(222,279)</u>
<b>FUND BALANCE - APRIL 1</b>	<u>593,540</u>	<u>593,540</u>	<u>593,540</u>	
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 593,540</u>	<u>\$ 593,540</u>	<u>\$ 371,261</u>	<u>\$ (222,279)</u>



**SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF SAND BEACH**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**MARCH 31, 2005**

	<u>SPECIAL REVENUE CEMTERERY FUND</u>	<u>PERMANENT PERPETUAL CARE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 36,027	\$ 81,368	\$ 117,395
Due from general fund	512		512
<b>TOTAL ASSETS</b>	<u>\$ 36,539</u>	<u>\$ 81,368</u>	<u>\$ 117,907</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES:</u></b>			
Accounts and payroll withholdings payable	\$ 2,538		\$ 2,538
<b>TOTAL LIABILITIES</b>	<u>2,538</u>		<u>2,538</u>
<b><u>FUND EQUITY:</u></b>			
Fund balance:			
Unreserved	34,001	\$ 81,368	115,369
<b>TOTAL FUND EQUITY</b>	<u>34,001</u>	<u>81,368</u>	<u>115,369</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 36,539</u>	<u>\$ 81,368</u>	<u>\$ 117,907</u>

**TOWNSHIP OF SAND BEACH**

**NONMAJOR GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2005**

	<u>SPECIAL REVENUE CEMETERY FUND</u>	<u>PERMANENT PERPETUAL CARE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b>REVENUE:</b>			
Charges for services	\$ 14,340	\$ 275	\$ 14,615
Investment income		2,943	2,943
Other	40		40
<b>TOTAL REVENUE</b>	<u>14,380</u>	<u>3,218</u>	<u>17,598</u>
<b>EXPENDITURES:</b>			
General government	18,633		18,633
<b>TOTAL EXPENDITURES</b>	<u>18,633</u>	<u>-</u>	<u>18,633</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(4,253)</u>	<u>3,218</u>	<u>(1,035)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in (out)	2,943	(2,943)	-
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(1,310)</u>	<u>275</u>	<u>(1,035)</u>
<b>FUND BALANCE - APRIL 1</b>	35,311	81,093	116,404
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 34,001</u>	<u>\$ 81,368</u>	<u>\$ 115,369</u>

**TOWNSHIP OF SAND BEACH**

**CEMETERY FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>				
Charges for services	\$ 19,000	\$19,000	\$14,340	\$ (4,660)
Investment income	100	100		(100)
Other	800	800	40	(760)
<b>TOTAL REVENUE</b>	<u>19,900</u>	<u>19,900</u>	<u>14,380</u>	<u>(5,520)</u>
<b>EXPENDITURES:</b>				
General government	27,870	27,870	18,633	9,237
<b>TOTAL EXPENDITURES</b>	<u>27,870</u>	<u>27,870</u>	<u>18,633</u>	<u>9,237</u>
<b>EXCESS OF REVENUE (UNDER) EXPENDITURES</b>	<u>(7,970)</u>	<u>(7,970)</u>	<u>(4,253)</u>	<u>3,717</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	2,000	2,000	2,943	943
<b>EXCESS OF REVENUE AND OTHER SOURCES (UNDER) EXPENDITURES</b>	<u>(5,970)</u>	<u>(5,970)</u>	<u>(1,310)</u>	<u>4,660</u>
<b>FUND BALANCE - APRIL 1</b>	35,311	35,311	35,311	
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 29,341</u>	<u>\$29,341</u>	<u>\$34,001</u>	<u>\$ 4,660</u>

**TOWNSHIP OF SAND BEACH**

**PERPETUAL CARE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2005**

	<u><b>ACTUAL</b></u>
<b>REVENUE:</b>	
Charges for services:	
Perpetual care sales	\$ 275
Investment income	2,943
	<hr/>
<b>TOTAL REVENUE</b>	<u><b>3,218</b></u>
<b>OTHER FINANCING (USES):</b>	
Operating transfers out	(2,943)
	<hr/>
<b>TOTAL OTHER FINANCING (USES)</b>	<u><b>(2,943)</b></u>
<b>EXCESS OF REVENUE OVER OTHER FINANCING (USES)</b>	<hr/> <b>275</b>
<b>FUND BALANCE - APRIL 1</b>	<b>81,093</b>
	<hr/>
<b>FUND BALANCE - MARCH 31</b>	<u><b>\$ 81,368</b></u>

**TOWNSHIP OF SAND BEACH**

**TAX COLLECTION AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED MARCH 31, 2005**

	<b>BALANCE APRIL 1, 2004</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>BALANCE MARCH 31, 2005</b>
<b><u>ASSETS</u></b>				
Cash in bank	\$ -	\$1,774,087	\$1,774,087	\$ -
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$1,774,087</u>	<u>\$1,774,087</u>	<u>\$ -</u>
<b><u>LIABILITIES</u></b>				
Due to Huron County	\$ -	\$ 639,898	\$ 639,898	-
Due to schools	-	655,320	655,320	-
Due to library	-	80,315	80,315	-
Due to other funds	-	395,757	395,757	-
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$1,771,292</u>	<u>\$1,771,292</u>	<u>\$ -</u>

**TOWNSHIP OF SAND BEACH**

**TAX COLLECTION AGENCY FUND  
SCHEDULE OF ADDITIONS AND DEDUCTIONS  
FOR THE YEAR ENDED MARCH 31, 2005**

**ADDITIONS:**

Current property tax	\$ 1,738,749
County revolving fund	34,438
Interest	725
Miscellaneous	175

**TOTAL ADDITIONS**

1,774,087

**DEDUCTIONS:**

Huron County	324,166
Huron County - SET	315,732
Huron Intermediate School District	243,106
Harbor Beach Community Schools	211,015
Harbor Beach District Library	80,315
Township allocated	58,333
Township roads	101,680
Township fire protection	48,632
Township water assessment	150,671
Siegel School #4	132
Harbor Beach school debt	201,068
SET collection fee	2,795
Other	36,441

**TOTAL DEDUCTIONS**

1,774,087

**NET ADDITIONS OVER DEDUCTIONS**

\$ -